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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 UNITED STATES OF AMERICA,

4 v.

22 Cr. 00673 (LAK)

5 ZIXIAO WANG,

6 Sentencing

7 Defendant.

8 -----x

9 New York, N.Y.  
10 November 20, 2024  
11 10:00 a.m.

12 Before:

13 HON. LEWIS A. KAPLAN,

U.S. District Judge

14 APPEARANCES

15 DAMIAN WILLIAMS

16 United States Attorney for the  
17 Southern District of New York

NICHOLAS ROOS

18 NATHAN MARTIN REHN

DANIELLE RENEE SASSOON

DANIELLE KUDLA

Assistant United States Attorney

19 ILAN TUVIAH GRAFF

20 ALEX B. MILLER

Attorneys for Defendant

21 ALSO PRESENT:

22 Kristin Allain, FBI

23 Luke Booth, FBI

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1 (Case called)

2 THE DEPUTY CLERK: Government, are you ready?

3 MR. ROOS: Yes.

4 Good morning, your Honor. Nicolas Roos, Nathan Rehn,  
5 Danielle Sassoon, and Danielle Kudla for the United States.  
6 We're joined at counsel table by Special Agent Kristin Allain  
7 of the FBI.

8 THE COURT: Good morning.

9 THE DEPUTY CLERK: Defense, are you ready?

10 MR. GRAFF: Yes.

11 Good morning, your Honor. Ilan Graff for Mr. Wang,  
12 joined by Alex Miller and Mr. Wang, who is seated to my right.

13 THE COURT: Good morning.

14 Mr. Graff, have you and Mr. Wang had the presentence  
15 report for the necessary period?

16 MR. GRAFF: Yes, your Honor.

17 THE COURT: The presentence report will be sealed and  
18 made available to counsel in the event of an appeal.

19 Are there any unresolved objections to the PSR?

20 MR. ROOS: No, your Honor.

21 MR. GRAFF: No, your Honor.

22 THE COURT: All right. I have received, in relation  
23 to the sentencing, the presentence report, a consent  
24 preliminary order of forfeiture, a submission from Mr. Graff, a  
25 letter from a former FTX employee named Adam Jin, and the

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1 government's submission dated the 13th of November. I think  
2 that's it.

3 Is there anything else I should be aware of?

4 MR. GRAFF: No, your Honor.

5 MR. ROOS: No, your Honor.

6 THE COURT: As a preliminary matter, the government  
7 has requested that the complete, unredacted version of its  
8 sentencing submission, a redacted version of which is on the  
9 public docket, be filed under seal.

10 Any opposition to that?

11 MR. GRAFF: No, your Honor.

12 THE COURT: The Court is obliged to balance competing  
13 considerations against the weight of the presumption of access  
14 to judicial documents. One such countervailing consideration  
15 is the danger of impairing law enforcement or judicial  
16 efficiency. Here, the unredacted portion of the government's  
17 sentencing submission, the defendant's sentencing submission,  
18 and the remarks I plan to make later, all of which are or will  
19 be on the public record, provide the public or will provide the  
20 public with a very ample basis for understanding the sentencing  
21 decision.

22 The redacted material would not add substantially to  
23 the information otherwise available to the public. On the  
24 other hand, the redacted material has significant potential  
25 value for the government. Its disclosure, I find, likely would

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1 impair law enforcement. The danger of its doing so outweighs  
2 significantly any benefit to its public disclosure, and,  
3 accordingly, the government's motion to file the unredacted  
4 version of its sentencing submission under seal is granted.

5 Is there any other finding or point counsel believe  
6 should be raised?

7 MR. ROOS: No. Thank you, your Honor.

8 THE COURT: Okay. I will hear Mr. Graff.

9 MR. GRAFF: Thank you, your Honor.

10 It is an honor to stand here on behalf of Gary Wang,  
11 who is joined here in the courtroom by his parents, his wife,  
12 Cheryl, his mother-in-law, and some of his colleagues from  
13 Polycam, including the company's CEO.

14 To borrow a refrain from the government, as the Court  
15 prepares to impose sentence on Mr. Wang, we respectfully urge  
16 your Honor to consider three things: What Gary did not do,  
17 what he did, and what he still can do.

18 I'll start with what Gary did not do. As set forth in  
19 the government's robust 5K, Gary did not knowingly create the  
20 so-called back doors that others exploited to steal customer  
21 money. Gary did not have any involvement in using those  
22 special privileges or withdrawing customer funds. For years he  
23 had no visibility on that conduct and did not even know how  
24 much Alameda had taken.

25 Gary did not lie to customers, to lenders, to

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1 investors. Gary did not falsify revenue, participate in  
2 campaign finance offenses, or participate in money laundering.  
3 Gary did not profit from any of the criminal schemes.

4 Gary also didn't change his lifestyle. He lived the  
5 same, exhausting coder's day-to-day from the day he joined  
6 Alameda until the day it all came crashing down. While others  
7 were mingling with celebrities and dealing with high finance,  
8 he was seated at his computer pushing himself through late  
9 night after late night to address endless technical issues.

10 Gary also didn't make lavish investments. He didn't  
11 buy luxury items or much of anything else. During his time at  
12 Alameda and FTX, his most extravagant expense was his regular  
13 charitable contribution of roughly 15 percent of his annual  
14 \$200,000 salary, the same percentage he'd been giving since he  
15 graduated college, because Gary thought a couple hundred  
16 thousand dollars was more than enough for him and lived his  
17 life accordingly.

18 Unlike some others, Gary didn't make a big deal about  
19 his charitable giving or his quiet support for his friends and  
20 loved ones in or out of FTX. There was nothing informative or  
21 attention seeking about it or about him. He never held a press  
22 conference to explain what a good guy he was, or took to social  
23 media to do the same. Gary's someone who tries to do the right  
24 thing for its own sake.

25 And that brings me, your Honor, to the last and most

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1 important thing that Gary did not do. He did not use anything  
2 that I've just said or any of the other mitigating facts  
3 reflected in the 5K or our own sentencing submission as an  
4 excuse to evade consequences or accountability for his actions  
5 here.

6 As the government's explained and the trial record  
7 reflects, there was plenty of room for rationalization and  
8 excuse making, for Gary to deny the facts and try to assert  
9 mere presence. At a minimum, he could have waited, he could  
10 have tried to hide and wait it out. But that's not who Gary  
11 is. That's not the principled young man seated in the  
12 courtroom here whose integrity is evidenced in the presentence  
13 report's account of his life pre-Alameda and in the many  
14 letters from his friends and family your Honor has been able to  
15 review in connection with sentencing.

16 Gary knew, whatever his role, he had played a part in  
17 the FTX fraud. He felt and continues to feel profound remorse  
18 for what he initially unwittingly did to enable the theft and  
19 for his failure to stop it when he finally learned what was  
20 happening. He understood his participation required  
21 accountability, and he wanted to do what he could to help make  
22 things right.

23 So let's talk about what Gary did. Gary made the near  
24 immediate decision to cooperate. That is a gut wrenching, life  
25 defining choice for anyone, but more so for Gary, who had to

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1 literally walk past Sam Bankman-Fried and into the next chapter  
2 of his life. And when day after day after day after day  
3 Bahamian law enforcement had a new explanation for why Gary's  
4 passport, which was notionally ready to be returned, couldn't  
5 be made available to him, he showed up at the U.S. Embassy in  
6 Nassau to secure an emergency travel document, and took the  
7 first flight he could back to New York. That's what Gary did  
8 to become the first FTX witness in the door and the first to  
9 become fully debriefed. That's how he delivered essential  
10 evidence and an eye witness account to law enforcement in order  
11 to fuel and accelerate a prosecution which has been defined in  
12 significant part in the public's eye by how speedily it was  
13 able to bring justice.

14 As the government has noted in its 5K, the swiftness  
15 and substance of Gary's acceptance of responsibility,  
16 particularly under these circumstances, is in and of itself  
17 remarkable, but that's just what he did in his first weeks of  
18 cooperation with the government. As the Court knows, Gary also  
19 meticulously unpacked the FTX code for prosecutors, for the  
20 FBI, for the SEC, for the CFTC, and more recently for the New  
21 York Attorney General. He assisted law enforcement in  
22 pinpointing Sam Bankman-Fried's location in the Bahamas, so he  
23 could be safely and expeditiously arrested.

24 He took the witness stand and testified over three  
25 days to help secure Bankman-Fried's conviction. Having made it

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1 through that crucible, he made himself available to testify in  
2 two other trials in this district.

3 He also cooperated with the bankruptcy estate to the  
4 enormous benefit of FTX customers. As described in John Ray's  
5 letter, after one of the single worst weeks of Gary's life, the  
6 week of FTX's collapse, which included plenty of sleepless  
7 nights, Gary again worked through the night to help preserve  
8 \$800 million of customer assets. He later helped the  
9 bankruptcy estate's technical experts navigate a range of  
10 issues, so they could identify money available to be returned  
11 and ensure that it was secure for FTX customers.

12 On his own time, Gary built a tool to help prosecutors  
13 identify and combat fraud in public markets. Mindful of the  
14 considerations that your Honor has already referenced today, I  
15 won't say more about that or its crypto market analog on which  
16 Gary is currently working, other than to echo the government's  
17 point in its 5K that these efforts further distinguish Gary's  
18 already outstanding cooperation from the vast majority of  
19 cooperating witnesses who appear before this Court for  
20 sentencing.

21 And amidst all of this, Gary rebuilt his life. He got  
22 married and is expecting his first child. He scoured listings  
23 for a job, and managed to find one that let's him use his  
24 remarkable talents in a world far removed from crypto,  
25 including in ways that help advance law enforcement by helping



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1 to preserve evidence. He did all of this while making time for  
2 five-hour bus rides back and forth to Manhattan to cooperate,  
3 and despite the crushing weight of his own remorse and shame,  
4 as well as public scrutiny.

5 There's obviously no dispute about the facts here, no  
6 disagreement about what Gary did and did not do. By all  
7 accounts, Gary played a limited role, only belatedly learned of  
8 all of the offense conduct, swiftly accepted responsibility,  
9 and promptly began a course of extraordinary and ongoing  
10 cooperation.

11 For the reasons detailed in our sentencing submission,  
12 we respectfully submit that he compares favorably to every  
13 other defendant who appears before this Court for sentencing.

14 So I will conclude with what Gary can do. If, in  
15 light of all of these facts, and the details in our submission  
16 and the government's 5K, the Court imposes a time-served  
17 sentence, Gary can powerfully illustrate the utilitarian  
18 benefits of cooperation and avoid deterring others with limited  
19 participation along the lines of Gary's, from pursuing the same  
20 course.

21 Such a sentence would also promote respect for the  
22 law, avoid unwarranted sentencing disparities, and advance all  
23 the other relevant sentencing objectives. Your Honor, a  
24 non-custodial sentence would also mean Gary can continue his  
25 cooperation with the government and the bankruptcy estate to

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1 make victims whole and prevent future frauds. He can keep the  
2 job he worked so hard to get and remain a productive member of  
3 society. And he can be the devoted and responsible husband and  
4 father he so separately hopes to be.

5 We respectfully submit that all of that would be a  
6 just result and ask that your Honor impose a sentence of time  
7 served.

8 THE COURT: Thank you.

9 Before I offer Mr. Wang a chance to speak for himself,  
10 there are a couple of details that I skipped over earlier.  
11 First of all, I take it the government has a motion, Mr. Roos.

12 MR. ROOS: Yes. I was intending to make it when I  
13 speak, but I'll do it now.

14 The government moves to have the Court sentence  
15 Mr. Wang in light of the factors set forth in section 5K1.1(a)  
16 of the sentencing guidelines and pursuant to 18, United States  
17 Code, 3553(e). The reason is because of substantial  
18 assistance, as described in our sentencing letter of November  
19 13th, and as I'll further elaborate in my remarks shortly.

20 THE COURT: Granted.

21 Mr. Wang, just a question for you before you speak.

22 Did you read the entire presentence report?

23 THE DEFENDANT: Yes, your Honor.

24 THE COURT: Did you include the portion near the end  
25 that recommends a period of supervised release on certain

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1 conditions, so that you understand what the recommended  
2 conditions would be?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: All right. Thank you.

5 Now, you have the right to speak before your sentence.

6 Is there anything you'd like to say?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: Please. If you'd go to the microphone.

9 THE DEFENDANT: Thank you, Judge Kaplan.

10 I'm deeply sorry to all the people who I've hurt by my  
11 actions, to all the customers and investors in FTX who depended  
12 on FTX and trusted us with their money. There was so many  
13 things I could have done differently that might have prevented  
14 them from losing all their money, but instead I took the easy  
15 path, the cowardly path, instead of doing the right thing.

16 I profoundly regret my choices. Nothing I do will  
17 ever be able to make up for those choices, but I plan to spend  
18 the rest of my life doing everything I can to try to make  
19 amends. I will continue working with the FTX bankruptcy estate  
20 to make customers whole, to make customers get paid back as  
21 much as possible, and I will continue working with the  
22 government in whatever way I can.

23 I want to thank my employer for giving me a chance to  
24 be a productive member of society, and I want to thank my  
25 family and my friends for all the encouragement and all the

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1 love that they've given me these past two years. I will strive  
2 to -- I will strive to live a life worthy of their support.

3 Thank you, your Honor.

4 THE COURT: Thank you.

5 Mr. Roos?

6 MR. ROOS: Thank you, your Honor.

7 You know, your Honor, I was struck as I was filing our  
8 sentencing submission on November 13 that it was exactly two  
9 years since Gary Wang expressed an interest in cooperating, and  
10 I find such a short time period to be truly remarkable. To  
11 have a full criminal case go to trial and to have all of the  
12 witnesses -- all of the defendants be sentenced, with Mr. Wang  
13 being the last one, in that time period. And in some ways  
14 Mr. Wang's cooperation really is a bookend on each side to the  
15 overall case. He was the first person to come in and the last  
16 person to be sentenced.

17 I want to talk about his cooperation, first, in terms  
18 of the timing. The 5K letter and of course the defense's  
19 sentencing submission outline just how quickly this happened  
20 and how it was really, truly remarkable that he was the first  
21 FTX employee to come in the door. What I want to underscore is  
22 how that timing really helped make the case.

23 Now, as your Honor knows, there were two aspects to  
24 the way in which money was misappropriated. One was by taking  
25 money out of bank accounts that Alameda had access to, and the

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1 other was by taking it off the exchange. There are certain  
2 code provisions that permitted such special advantages. The  
3 code, at least I'll say speaking for myself, is like San  
4 script. It is impossible, I would say, for someone without  
5 expertise to decipher and, I would say, even someone with  
6 expertise. We had folks looking at this thing, and it was  
7 really difficult to parse.

8 And what was incredible about Mr. Wang's cooperation  
9 was he came in and deciphered basically half the case for us on  
10 the very first day of his cooperation, working through the  
11 code, calling out the very small provisions that permitted the  
12 special access, walking us through how those came about, how  
13 they allowed money to be misappropriated, and his conversations  
14 with Sam Bankman-Fried and Nishad Singh along the way.

15 And so I think it's not just that he came in early,  
16 giving us a cooperating witness early on, which of course can  
17 prompt other people to cooperate and prompt other charges, but  
18 the fact that he was able to decipher an otherwise extremely  
19 complex case that would take tons of government resources and  
20 months, if not years, to unravel without someone like Mr. Wang.  
21 And I think in that respect Mr. Wang is entirely unique,  
22 because I'm pretty positive there's not any other witness that  
23 could do that type of work with respect to the case and do it  
24 so early.

25 The second point I want to make about cooperation is

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1 the substantial nature of his assistance. He gave us detailed  
2 information from the beginning. He, in many respects, has been  
3 the easiest cooperating witness I've ever worked with, because  
4 there was never a moment where there was minimization or  
5 inconsistency, where it felt like he had not given us the full  
6 facts. From the getgo, he was identifying things, he was doing  
7 his homework in between sessions, he was taking lengthy bus  
8 rides to meet with us, and he did that not just for us but for  
9 the other agencies and for the FTX estate, and he continues to  
10 do that.

11 What I also think is sort of interesting about  
12 Mr. Wang is he has this incredible, unique skill set, which he  
13 was deploying for Google before deploying it for FTX, and is  
14 now deploying a skill, which is computer skills. And unlike  
15 many cooperating witnesses, which of course are trying to help  
16 by providing historical information, Mr. Wang has this unique  
17 skill set where he can actually do something and deploy some of  
18 the skills he was using that helped to perpetrate the fraud to  
19 productive ends.

20 Our sentencing submission outlines this, but he  
21 created this really interesting and useful infrastructure for  
22 detecting cases for us in traditional securities markets, now  
23 crypto currency markets. And I'll share as an anecdote, we  
24 have some other investigations that are not public yet, but  
25 Mr. Wang's tool, it actually -- running them now, it highlights

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1 these cases before they were opened at the U.S. Attorney's  
2 Office. So it really seems to be an effective potential tool  
3 for detecting fraud in the financial markets, and I think it's  
4 really -- I haven't seen anything like it, for someone to come  
5 up with a use of the skills they use to perpetrate a fraud and  
6 then redeploy them in a way that helps law enforcement, society  
7 in a proactive way.

8 Now, picking up on what defense counsel mentioned,  
9 I've been thinking about the choice that Mr. Wang had when he  
10 came into -- when he expressed an interest in cooperating on  
11 November 13 and then came in shortly thereafter and then  
12 quickly did four lengthy interviews and pled guilty. I think  
13 many people in his situation, based on the facts that he  
14 probably knew the government had and didn't have, would have  
15 picked a different path.

16 You know, unlike Sam Bankman-Fried, he didn't make any  
17 public statements. He was not tied to any spending. He didn't  
18 have any involvement in Alameda. Unlike Ellison, he was not  
19 involved in the Alameda transactions. Unlike Singh and Salame,  
20 he was not involved in spending toward the end. As your Honor  
21 may have observed during the trial, he's sort of a man of few  
22 words and was not on many documents. And I think, certainly,  
23 given the paucity of documentary evidence and the lack of  
24 involvement in certain aspects of the case, it would have been  
25 easy for someone like Mr. Wang to say, at best, I was merely

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1 present. And, in fact, we got the exact opposite from him.

2 Day one, without any sort of prompting, he volunteered  
3 it all. Many of the things he pled guilty to are the result of  
4 him incriminating himself in the proffer room, totally  
5 voluntarily. And the point is that he could, perhaps better  
6 than any other defendant, have minimized responsibility and  
7 stretched out the case, and he didn't. He did absolutely the  
8 opposite.

9 And so as I'm thinking about, you know, the message  
10 that the Court could potentially send from the defendant's  
11 sentence, I think he deserves special credit, and the enormity  
12 of the fraud is an opportunity to signal how important  
13 cooperation of this type and the timing of this cooperation  
14 truly can be. So I think Mr. Wang's cooperation has been far  
15 beyond substantial assistance, and, as the lowest profiled  
16 defendant, there's an opportunity to signal just how meaningful  
17 this type of cooperation can be to the government.

18 Thank you.

19 THE COURT: Thank you.

20 Well, I've never seen anything quite like what  
21 happened here.

22 Mr. Wang, please rise for the imposition of sentence.

23 I don't think I really need to say much about the  
24 extent of your cooperation. The government and Mr. Graff have  
25 said it all. You are entitled to a world of credit for facing



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1 up to your responsibility and beginning immediately to try to  
2 make amends for what had happened.

3 I also recognize that you came to the relatively  
4 limited awareness of culpable knowledge that makes you guilty  
5 of the crimes to which you pleaded guilty very late in the day,  
6 and the period of your culpability was, in comparison to the  
7 period of the culpability of the other defendants in this case,  
8 extremely small, short duration.

9 When the bankruptcy got filed and it became clear the  
10 house of cards was tumbling, you immediately did the right  
11 thing. You did the right thing for yourself. You did the  
12 right thing for the country. I've never seen anything quite  
13 like it, and you deserve, as I said, a world of credit.

14 That's not to diminish in any way the gravity of the  
15 offense for which you are liable. I think I've said before  
16 that if it wasn't the biggest financial fraud in American  
17 history, it was certainly among the two or three, and it had  
18 disastrous consequences.

19 But life's a balance. This is a balance, and the  
20 balance is heavily in your favor at this moment.

21 It is the judgment of this Court that you be committed  
22 to the custody of the Attorney General of the United States or  
23 his designee for a term of imprisonment of time served on each  
24 count; that you thereafter serve a term of supervised release  
25 of three years on each count; and that you pay the mandatory

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1 special assessment of \$100 -- excuse me, \$400.

2 It's further adjudged that you forfeit to the United  
3 States the sum of \$11,020,000,000, for which you will be  
4 jointly and severally liable with the codefendants, as the term  
5 codefendants is defined in the consent preliminary order of  
6 forfeiture that I have just signed, and you will do so, all, as  
7 more fully set forth in that order.

8 The term of supervised release shall be subject to the  
9 mandatory, the standard, and the special conditions of  
10 supervision set forth at pages 32 to 34 of the presentence  
11 report, which you have told me you have read. The reasons for  
12 those conditions are either perfectly obvious or stated in the  
13 presentence report, and I agree with them.

14 I decline to order restitution based on my finding  
15 that determining complex issues of fact relating to the cause  
16 and amount of the victims' losses would complicate and prolong  
17 the sentencing process.

18 I grant the government's motion to authorize the  
19 United States to compensate the victims with finally forfeited  
20 assets through a remission process as restitution would be  
21 impractical in this case.

22 The mandatory drug testing condition is suspended,  
23 because I find a low risk of substance abuse.

24 You may be seated.

25 I advise you that to whatever extent you haven't

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1 waived it, you have the right to apply for -- well, you have  
2 the right to appeal. If you wish to appeal, you must file a  
3 written notice of appeal within 14 days after the date on which  
4 judgment is entered, which could be as soon as today.

5 In the event you wish to appeal and you can't afford  
6 to pay the fees necessary to do so, you have the right to apply  
7 for permission to appeal as a poor person. If such an  
8 application were granted, you'd be permitted to appeal without  
9 payment of the fees, and if you couldn't afford a lawyer, a  
10 lawyer would be appointed for you at government expense.

11 As is becoming familiar in these sentencings in this  
12 case, I express my appreciation to counsel on both sides for  
13 very helpful and eloquent submissions. I don't really know and  
14 I'm not asking what happened between November 13 and Mr. Wang's  
15 communication of a willingness to cooperate, but I suspect he  
16 had extraordinarily able and wise counsel, matched in my  
17 knowledge only by that which benefited the sons of Mr. Madoff.

18 Anything else, folks?

19 MR. ROOS: No. Thank you, your Honor.

20 THE COURT: Mr. Graff?

21 MR. GRAFF: No. Thank you, your Honor.

22 THE COURT: All right. Thanks, folks.

23 (Adjourned)  
24  
25